this NPT because for us the NPT remains a discriminatory treaty which asks us to do things which the nuclear weapon powers are not doing between themselves Now the first step has been taken. That is why we attach the highest importance to it and that is why we have welcomed it in the terms that I have stated in my statement.

At the same time, there are other areas where much remains to be done in the field of nuclear disarmament and conventional disarmament. This is what we should go on relentlessly trying, and also wish the two super powers who have taken this step, all the good luck in their efforts so that human-kind can get rid of the threat which has brought the world to near annihilation and the fear of a nuclear holocaust has been one of the principal worries that human-kind is facing.

Jaswant Singhji asked whether there has been any discussion between the leaders of the U S A. and the Soviet Union on Afghanistan. Yes, they had discussed, but I did not touch upon this point because this did not fall within the purview of my statement. I must say that both sides have kept us informed of the discussions that were held at the Summit on Afghanistan. As the House knows, with Afghanistan we have very friendly ties, historical, cultural, and linguistic. Since independence we have had very good relations with them. It is a non-aligned country Therefore, what happens in Afghanistan is of vital interest to us. We are an interested party in the eventual solution of Afghanistan and our commitment is to an independent, sovereign, non-aligned Afghanistan and we are working for that.

SHRI KAPIL VERMA (Uttar Pradesh): I want to know the Government's response to the new six-year waiver to Pakistan by the U.S. Senate and the Pakistan's new atomic nuclear plant.

THE VICE-CHAIRMAN (DR. BAPU KALDATE): No discussion. We go to the next item. Mr. Jaswant Singh.

I. STATUTORY RESOLUTION SEEKING DISAPPROVAL OF THE FINANCE (AMENDMENT) ORDINANCE, 1987,

II. THE FINANCE (AMENDMENT) BILL, 1987.

SHRI JASWANT SINGH (Rajasthan): Sir, I move the following Resolution:

> "That this House disapproves of the Finance (Amendment) Ordinance, 1987 (No. 6 of 1987), promulgated by the President on the 19th September, 1987."

Sir, my reasons for this Motion of disapproval fall in various categories. The first one is related to a point of order which was raised by my esteemed colleague, Shri L. K. Advani early at the commencement of this particular Session.

SHRI ALADI ARUNA *alias* V. ARUNACHALAM (Tamil Nadu): Sir, is it not necessary that the Minister should also move the Bill?

THE VICE-CHAIRMAN (DR. BAPU KALDATE): No, after this, he will move the Bill and the discussion will continue on both the motions together.

SHRI JASWANT SINGH: So, Sir, as I was saying, my esteemed colleague, Shri Advani, at the commencement of the Session, had raised certain objections about fiscal ordinances and the Chair was then pleased to make some observations on the question of fiscal ordinances. I believe it is in order for me to reiterate the essence of those objections because in the parliamentary history of our

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country, there have not been many occasions when fiscal ordinances have been promulgated by the President.

Therefore, Sir, when we move a motion of disapproval, it is not to be understood that we are in fact questioning the right of the President to so promulgate an ordinance. We are also mindful of the fact that often enough the Government, facing an emergency, would be obliged, when the House is not in session or the Houses are not in session, to move an ordinance. But it has been frequently observed inside the House and pronounced by the Chair, firstly, of course, that the ordinances might be promulgated only when it is absolutely necessary, but more than that strong objection has always been taken to the issuance of a fiscal ordinance on the ground that no impost partaking of the nature of a tax can be levied by the Government without coming before the House and taking its approval. This is first aspect.

The second aspect, which is equally important, if not more, is that this test of emergency in the case of the issuance or promulgation of an ordinance, when it comes to fiscal ordinances, it has been said repeatedly by the Chair in both the Houses, should be much stricter than in the case in other ordinances. I do not want to take the time of the House by quoting various pronouncements from the Chair on this particular aspect. And it is when we apply this test of emergency to this fiscal ordinance, which by itself is an exception, then I have reason to find fault with the Government, and therefore this Motion of disapproval.

Let me elaborate. This ordinance was issued on the 19th of September. The House was in session up till the first week of September Within ten days of the rising of the two Houses of Parliament, according to this Governmental fiction, an emergency had suddenly come into being necessitating issuance of, the promulgation of an ordinance! And what, Sir, is that emergency? The Government says that the emergency is drought. By the first week of September, it was pretty apparent in which direction the country was headed. The drought was already widespread; it was even then routinely being spoken of as the drought of the century. It was pretty apparent to anybody, with the least sense about agricultural patterns of the country that if by the first week of September, rainfall had not taken place and even if thereafter it occurred by the middle of September, the drought conditions were not going to be significantly ameliorated. Therefore, I find it lacking in reason and I am not convinced of the Government's rationale that up till the end of the first week of September, this emergency was not upon the Government, but by 19th September suddenly the drought was upon us and therefore, it necessitated the issuance of an ordinance. I hold that this is not the case; the Government's working is haphazard; it had not planned its fiscal requirements; it lacks financial discipline. And, therefore, instead of coming to Parliament before it rose and saying that there was a contingency—an emergency might arise — and, therefore, they were in need of such and such a fiscal provision, the Government adopted, by a sleight of hand, this measure of promulgating an Ordinance.

This takes me to my second objection, that taxation by Ordinance is an assault on the financial powers of Parliament. Taxation through Ordinance, if it is of a kind which cannot be avoided on account of international developments in commodity markets, etc., would be understandable This is taxation by Ordinance on grounds of a natural calamity which faced us, which was apparent to all of us, and if the Government, nevertheless, still chose

to promulgate an Ordinance to levy a tax, then it is, I hold, Sir, an assault on Parliament's powers.

My third objection is that it is an erosion of the checks and balances which are in-built in our Constitution and the Government, by taking these shortcuts, is in fact diluting the system of checks and balances. Further, Sir, in so promulgating the Ordinance, the Government is preventing Parliament from examining the fiscal policies of the Government and its financial discipline.

Sir, in the Statement of Objects and Reasons the Government says:

> "In order to raise resources for providing relief to drought affected farmers and persons in rural areas, the Government decided to levy a surcharge of five per cent on certain tax-payers."

By itself the surcharge is not the objection. But how they decided to levy five per cent and not seven or three or 15 per cent is a matter that Government has to explain to us. Indeed, it is these aspects which Parliament deliberates upon before levies are decided upon. Therefore, when the Government decides and says they had decided to levy a surcharge of five per cent on account of drought, a need arises to examine whether this levy is just, justified and adequate. Because the Government says that this measure is for drought relief, there is also need to examine the Government's record of drought relief operations; what it has actually one by way of famine relief or drought relief. Further, there is need to examine the Finance Bill because, after all, the Finance Bill is the instrument which Parliament hands over to Government, through the instrumentality of which Government comes into possession of the Consolidated Fund of India and thereafter, is authorized to spend certain sums of money in accordance with the policies laid down.

Further, there is also need to examine the state of the economy and the measures adopted by the Government to meet this drought of the century. Firstly, therefore, on the question of levy itself, the justification of this five per cent has to be considered. It could have been any other figure, but the Government has chosen to levy five per cent. The justification of this five per cent has to be assessed in the light of other measures that the Government has adopted for economy in governmental expenditure. Here, Sir, I would like to quote from an editorial of a rather young newspaper which is making a valiant effort to break into the monopoly of newspaper distribution. This newspaper had to point out when on September, 14 in an editorial it said, because the Government had just then announced a kind of an austerity drive. This newspaper editorialises:

> "The Union Government's announcement of an austerity drive to make Rs 650 crores available for drought relief is little more than a publicity gimmick, unbecoming of an administration faced with such a serious financial crunch. The plan consists essentially of cutting frills on more relatively insignificant items of expenditure such as seminars, conferences, ministerial and official travel and the purchase of fixtures for offices."

I was struck, Sir, by this aspect of ministerial and official travel and purchase of fixtures as one of the things which the Government said they were eliminating as a measure of economy because we are faced by the drought of this century Soon thereafter, Sir, what does the Government do? I am informed that as part of this economy drive, as a part of its drive for saving money to combat the drought, the Government decides that the Prime Minister, when he travels abroad, must not travel in one single Jumbo but that he must have two of them. Sir, this is a won-

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derful measure of ecenomy because the only other country in the world, whose Head can afford to travel in a Jumbo, is Saudi Arabia or Brunei. And they too do not travel in two Jumbos, they also make do with just one. However, the Indian Prime Minister, when the country is afflicted by this drought, as an economy measure, chooses to travel in two Jumbos. He is going to repeat the same performance now when he goes to Burma and when he goes to Sweden. As a further measure of his appreciation and this Government's appreciation of the serious drought that we are faced with, we are informed that the inside of this whole Jumbo — that is where the aspect of the fixtures, the economy on fixtures comes in — is completely refurnished — bed sheets are obtained from Singapore, crockery is obtained from Holland and cut glass is obtained from elsewhere — so that as a part of economising on the fixtures, this Jumbo in which the Prime Minister is to travel, must obtain nothing but foreign goods and they must be refurnished now when the country is faced with what they themselves say is the drought of the century! Sir, all this in the face of faring, when in the first week of September Parliament was in session. But then By 19th September the drought of the century was upon us. Soon thereafter the Prime Minister started travelling around the world. This is all part of the economy measures of this Government! Therefore, we find that if on the one side the Government is talking about economising and on the other side engaging itself in such lavish expenditure, then, the rationale for the levies through ordinance which involves taxation, at least to me is not convincing.

Sir, that is not all. The Government says, we must economise. My home State, Rajasthan, with which the hon. Minister of State is familiar, is, in fact, afflicted by the drought in a much more serious manner than perhaps other parts of the country. Rajasthan is a hospitable State. We are known for our hospitality. Even if there is drought, I do not mind, Sir, that the Prime Minister and the rest of the Cabinet ought to wish to visit Rajasthan as tourists, and having already seen the Ranthambore Sanctuary, it is time that they ought to want to visit Sariska now. I welcome the Cabinet, and I welcome the Prime Minister for this excursion, for this long needed excursion and respite from Parliamentary labour. But then don't simultaneously tell us stories don't insult our intelligence by saying that no expenditure is going to be caused. The Prime Minister, in fact, publicly announces that only Rs. 47,000 are going to be spent. So, Rs 47,000 are going to be spent when the whole of the Cabinet decides to go and do what? To have a meeting where papers are circulated to these members, a kind of essay on what they have to do now. The Cabinet is to go and meet in Sariska to analyse what has gone wrong and what they ought to do now. And why Sariska? Because there will be no telephones there; you will be inside the jungle. It will be a good camp there. It will be an outing. All at the cost of whom? All at the cost of the State of Rajasthan which has also seen earlier such manifestations at Ranthambore, all at the cost of public money New helipads are constructed and then abandoned half way The whole of the old Palace of Sariska is being whitewashed and renovated. 100 KVA diesel engines are established and wiring was redone. The entire road from Jaipur to Alwar is to be stopped to traffic. The entire road from Delhi to Alwar to Sariska is also to be stopped to traffic. In which age are we living and what kind of make-believe world of Alibaba — I would not complete the rest of it. Alibaba .

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir): And *Chalis Chor.*

SHRI JASWANT SINGH: I have really only said Alibaba. I did not say the other part. Why take Alibaba and his forty companions to Sariska? If you have to do Governmental business, why don't you do it in the capital? This is where you are enjoined to do your work from. Why do you wish to impose additional expenditure on the State of Rajasthan which, for the fourth or fifth year, is facing one of the most unprecedented droughts in living memory? You say you wish to impose through the Ordinance a levy so that you can have money—to do what? To refurnish your Jumbos and go and have outings in Sariska. I, for one, find it very unconvincing. Hence my objection and this Resolution of disapproval.

So far as the famine relief specifically is concerned, I have further objections. Here again I can speak only parochially because I am deeply affected. As part of his great concern for the famine that afflicts Rajasthan, Hon. Prime Minister said he must go and visit. Now, the visit of the Prime Minister is not like the visit of Indra Dev. It does not automatically bring Monsoon in its wake: Nevertheless, a great preparation was set afoot by the captive Government of Rajasthan. At the last minute, characteristically the Prime Minister said: No, I will not go tomorrow. I will go three days hence So, all the preparations which the district administrations had made for the visitation — I choose this word 'visitation' on a deliberate choice — had to be postponed for four days. The expenditure on security making arrangements, shut off of roads etc. was infructuously set aside. Thereafter what happens? When the Prime Minister finally descends upon Rajasthan, at no stage his convoy, his Kafila of companions and travellers is less than forty cars. For the Prime Minister himself, his current lust, the vehicle that was presented to him by the King of Jordan, is specially flown from here to Rajasthan so that he can career around at break neck speed on roads which have already been cleared of all traffic Forty cars accompany him. Cold drinks and mineral water are taken in crates from Delhi so that in Rajasthan, where water is scarce and where water is polluted, these visitors from Delhi, who have come to inspect our famine, might not get their tender tummies upset.

Simultaneously, what happens is that because the visitation now descends upon Rajasthan, the Government of Rajasthan decides that along with the drought, along with the human suffering on account of famine, there must be light entertainment also. So, in this one-and-a-half-day programme, the Prime Minister is entertained by a forty-five minutes visit to a Black Buck Sanctuary. Thereafter folk dances are arranged. Thereafter as a measure of austerity, the Prime Minister says "we shall not have lunch, we will have packed lunch; my team of 40 cars all be given packed lunches as we are on a famine tour and there must be austerity." For these packed lunches. Sir, cooks are specially flown from Delhi to Bar rest house The whole of the Bar rest house is renovated and cleaned. These cooks are flown from Delhi and all the ingredients, materials, supplies, etc., go from Delhi. It would have been much easier to have done all this and then to say that we are going through famine relief, but we will continue to do it in the style that we do. Then, don't call it famine relief. Don't insult our intelligence. Don't insult our sensibility and don't insult the people of Rajasthan by calling it a drought relief.

Sir, I have with me a copy of a letter addressed to me by the Chief Minister of Rajasthan who has talked about the measures which the Government of India is not taking when it comes to famine relief in Rajasthan The Chief Minister of Rajasthan who himself says "The

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Government of Rajasthan has asked for between Rs. 1100-1400 crores to meet the current drought". Sir, Rs. 1100-1400 crores is the Government of Rajasthan's demand. What the Government of India has so far been able to give to Rajasthan is barely not even Rs 200 crores The difference between Rs 1400 crores and Rs 200 crores is a factor of 7. It does not lie with this Government to say that we are going to make up that factor 7 by levying a surcharge of 5 per cent through an Ordinance. You should have discussed it in Parliament, explained your rationale and understood from us what the difficulties of the States are and thereafter, certainly brought about whatever measures you wanted to bring about.

The Chief Minister of Rajasthan further says "There was a need to recommend the principle of employing at least 1-2 persons from each of the drought-affected family depending on its size" It was pointed out by the Government of Rajasthan that the total population of Rajasthan which has been affected is near about 3½ crores, out of which 38 lakh families; not 38 lakh individuals, 38 lakh families are actually below the poverty line. Now of the totality, the sheer dimensions of the problem that Rajasthan faces; 38 lakh families are already below the poverty line The State is already terribly afflicted. It wants Rs 1400 crores. You give Rs 200 crores and you say we are now imposing this levy of 5% to meet drought Sir, for me all this is totally unconvincing.

Now, in the present instance so far as Rajasthan is concerned, what has the Government of India done? They have said "you will employ roughly about 20 per cent of the population which means 1/5th, one member in a family, one in five. This is what you should employ. We will give you the wage component only as assistance from the Central Government". Here is what the Chief Minister of Rajasthan says "In the absence of material component, I am not going into the details what constitutes wage component, famine relief, what is material component etc." "unlike in the previous two years the large number of permanent, productive and drought-proofing works could not be taken up. They will not be taken up." Therefore, whatever money goes will not go for a permanent alleviation of this terrible affliction that Rajasthan has, of drought. They will all be impermanent works. This year also the works will not be of the same utility. The Government of Rajasthan has also said that the Central Government decision of not giving the material component was inconsistent with the recommendations of the Eighth Finance Commission

Please tell me, if I am running out of time You want me to cut short?

THE VICE-CHAIRMAN (DR. BAPU KALDATE): Yes.

SHRI JASWANT SINGH: Here again this measure is for drought relief and I am talking about relief

The Government of Rajasthan
1.00 P.M. says: "that our argument with the Government of India is to increase not only the assistance for the special nutrition programme but also to open a large number of ICDS blocks particularly in the districts where the intensity of famine was more because of its recurrence and where due to nutritional deficiencies, diseases like night blindness, Tuberculosis etc. are prevalent". I have to, in all fairness admit—and the hon. Minister of State for Finance knows that my home district, the district, of Barmer is like one of his districts, the district of Kutch, perhaps the most drought-prone along with Jaisalmer, that we have 40,000 registered cases of tuberculosis in Barmer district alone and statistics being what they are in this country, you can imagine the plight of these 40,000

registered cases of tuberculosis in Barmer district The unregistered cases are many multiplies All these 40,000 cases are in need of rest and of nutrition but not one of them can take rest because if they take rest, in this famine year, where are they going to get money from which they might get, by way of working on a famine relief project? Till today, in the whole of West Rajasthan, there is not a single village where every family has got a member who is on drought relief Till today, Sir, and I say this with due sense of responsibility, up to the end of November, payments for relief works which had been started from September-October have not been made Wages for three months at a stretch are outstanding to labourers wherever drought relief programmes have actually taken place I do not want to go into the question of what is being done or what is not being done so far as the famine relief in Rajasthan is concerned but if the Government is coming forward to us and saying, "we levied taxation through the promulgation of an Ordinance and now therefore, approve of it because it is for drought and therefore, believe it, we are going to spend this money with responsibility," I for one am not convinced and therefore, my motion of disapproval Sir, I have other points about subsidies etc but I will not go into them because they are not significant. I have also an aspect about the state of the economy Sir the Finance Bill is really a Bill, as I said earlier, through the instrumentality of which the Government implements its fiscal policies or fails to implement them, because there might be an absence of fiscal policies I shall have time when it comes to my reply and then I will touch upon the Government's absence of a fiscal policy. At the present moment, I would like to take just one more minute one word and that is· Because we do not have faith in the ability of this Government, nor reassurance about the real intents of this Government when it declares the drought reliefs but simultaneously refurbishes jumbo jet aircraft for the travels of the Prime Minister therefore, you cast doubts doubts in our minds about your real intents of why you want this money. Therefore, I am obliged to move this motion of disapproval Thank you.

SHRI NIRMAL CHATTERJEE (West Bengal): Sir, I am on a point of order. My point of order is that normally when the Finance Bill is moved, it is preceded by a Budget speech which gives estimates of how much revenue will be collected by particular amendments and also indicating how much the deficit and other things would be In case the Finance Bill is being moved by the hon Minister, I would request that it will only be in order if he makes a speech similar to a Budget speech giving his estimate of how much he is going to collect and what would be the resulting deficit in the economy.

SHRI JASWANT SINGH: That is a very valid point.

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B K GADHVI): Mr Vice-Chairman, Sir, I will try to attend to the points raised by Sh Jaswant Singh when I finally speak after the discussion but presently, I beg to move·

> "That the Bill to amend the Finance Act, 1987, as passed by the Lok Sabha, be taken into consideration."

Sir, with a view to provide relief to drought-affected farmers and persons in rural areas, the Government decided to raise additional resources by levying a surcharge of five per cent on income-tax of certain tax-payers As Parliament was not in session and it was necessary to take immediate action to raise the additional resources, an ordinance, called the Finance

[Shri B. K Gadhvi]

(Amendment) Ordinance, 1987, was promulgated by the President on the 19th of September, 1987. The Ordinance provided that in the case of every person having a total income exceeding Rs. 50,000/-, who is liable to pay advance tax or whose income is chargeable to pay under the head 'salaries', the amount of income-tax paid by such tax-payer will be increased by a surcharge, for the purpose of Union, calculated at the rate of five per cent of such income-tax The Ordinance also provided that in respect of instalments of advance tax payable on the 15th day of June, 1987, and the 15th day of September, 1987, the surcharge for the purpose of Union was to be paid on or before the 30th day of September, 1987. In some cases, the instalments of advance tax are payable on the 15th day of June, on the 15th day of September and the 15th day of December. As the two days by which the instalments of advance tax were payable, namely the 15th day of June and the 15th day of September, had already elapsed and the Government's intention was to raise additional resources for drought relief work immediately, the promulgation of the Ordinance because absolutely essential. However, in order to ensure that the tax-payers liable for payment of surcharge do not face any hardship, it was provided that surcharge in respect of instalments of advance tax payable by the tax-payers on the 15th of June and 15th of September could be paid by the 30th of September. In levy of surcharge, the Ordinance also ensured that the tax-payers would not have to pay the entire amount of surcharge along with instalments of advance tax payable on the 15th of September next The promulgation of the Ordinance obviated this hardship The Income-tax Act, 1961 provides for deduction of tax at the source from certain payments such as dividends, interests, winning of lotteries, cross-word puzzles, winning of horse races, contractors' and sub-contractors' and insurance commissions. Since the provision for levy of surcharge on tax deducted at source is already made in respect of salaries, it is proposed to provide, for the sake of uniformity, that the amount of tax deducted in respect of other payments will also be increased by a surcharge, calculated at the rate of five per cent, on such taxes. The surcharge on tax deducted at the source will be levied on such payment made during the remaining part of the current financial year only The surcharge of five per cent on advance tax will also be levied in the case of assessees deriving income from life insurance business whose cases are covered by the specific provisions of section 115B of the Income-tax Act, 1961. In order to achieve these objectives, it is proposed to carry out certain amendments in the Finance Act, 1987. The income of nonresidents accruing or/and arising in India is chargeable to tax at the different rates prescribed For this purpose, tax is deducted at the source at the time of remittance of the amount. As for the amounts which have already been remitted and liable to tax without levy of surcharge, considering the smallness of the revenue involved and the number of tax treaties with other countries, it is not considered feasible to levy surcharge on the income of non-residents and companies other than domestic companies. Those provisions of the Bill which intend to replace the provisions of the Ordinance will come into force from the 19th of September, 1987, the date on which the Ordinance was promulgated. The other provisions will come into force from the date the Bill received the assent of the President. The proposed surcharge is expected to yield Rs 210 to Rs. 240 crores approximately. The Bill received wide support in Lok Sabha, Sir, and I trust that this Bill will receive the unanimous support of this House also.

Sir, I move.

The questions were proposed.

SHRI NIRMAL CHATTEJEE: What would be the resultant deficit? He has not answered that part. After meeting the additional expenditure and ...

SHRI B. K. GADHVI: This is not the whole budget This is only a Finance Amendment. Therefore, there is no such question.

SHRI NIRAMAL CHATTERJEE: This is a Finance Bill. Therefore, you should give an indication. When we speak, we will find out how it is Rs. 210 crores. That is a different matter.

SHRI B. K. GADHVI: This is not a whole Budget we are presenting This is a small component of mopping up of resources.

SHRI NIRMAL CHATTERJEE There should be a small indication of what the resultant deficit is

SHRI B. K. GADHVI: The small indication is that deficit would be within the manageable limits

SHI N. E BALARAM (Kerala) What are the manageable limits?

SHRI B. K. GADHVI I shall deal with it in my reply.

SHRI SUNIL BASU RAY (West Bengal): Mr. Vice-Chairman, I have heard with attention what our honourable Minister of State for Finance has tried to say. He has beautifully evaded the basic question Presentation of any Finance Bill compels or makes it obligatory to the Minister to give an idea of the amounts to be collected and their impact on the entire economy...

SHRI B. K. GADHVI: I have already said it is Rs. 240 crores

SHRI SUNIL BASU RAY: All right, it is Rs. 240 crores. The question is, as Mr. Jaswant Singh also made in his speech while moving his motion against the Ordinance, that the Ordinance was issued just fifteen days after the two Houses adjourned. In the Session earlier to that only we had passed the first Appropriation Bill. At that time there was to Finance Bill before us. At that time nothing was told to us about the Ordinance Therefore, I think this should have been done much earlier. The Bill should have been brought at that time itself and if it had been brought at that time, the honour and prestige of the House would have been upheld. However, the performance of our economy is very bad. It is going from bad to worse. Actually the Seventh Plan is an embodiment of the new economic policy of the present Government. There is nothing new or novel in it. The entire economy is in a bad shape. The performance of the entire economy is very bad and the effect of it on the people's life is going from bad to worse. What is the effect of this bad performance? There has been a continuous increase in deficit budgeting, wider and adverse trade balance, more and more market borrowings from IMF and world commercial sources, increasing rate of debt servicing, increase non-Plan expenditure, industrial sickness, closures, increasing rate of indirect taxes, agrarian crisis persisting, growing landless rural unemployed, unemployment in industrial and other sectors, workers losing jobs, inflation, price rise, rise in consumer price index and wholesale price index growing unabated, increasing havoc caused by manmade drought and flood, and so on so forth. We are going towards a debt trap internally and externally and monopolists and landlords are thriving on the dead bodies of the children of the peasants and workers of the country This economy, as we are talking, is not leading us to any promised heaven. It is rather increasing the burden on the people We were told that during the whole of the Seventh Plan period, there would be deficit financing to the tune of Rs. 14,000 crores But during these three years, we have already crossed Rs. 18,900

[Shri Sunil Basu Ray]

crores of Budget deficit. So, where are we going? In the State budgets also, the deficit is growing and, taken together, the combined deficit of 23 States amounts to Rs. 945 crores. So, at this rate if we go down the hill, then I do not know where we are going to stop. Perhaps we are not going to stop at all till we reach the bottom of the ocean.

There is a sharp rise in non-Plan expenditure and the non-Plan expenditure mainly comprises interest payments, Defence expenditure and subsidies on export, food and fertilizers. It has already crossed 67.7 per cent of the total Seventh Plan non-Plan expenditure in 1986-87 and 73.3 per cent in 1987-88. On the other hand, the rate of growth is slowing down. In 1986-87, developmental expenditure was 16.9 per cent and then it slowed down to 5.3 per cent in 1987-88. Non-developmental expenditure is growing. It was 20.4 per cent in 1986-87 and it is 21.1 per cent in 1987-88. This is the state of the economy. There is one thing more which is worse than these. The ratio of direct taxes collection to total tax receipts declined to 17.8 per cent in 1985-86, to 16.9 per cent in 1986-87 and is expected to go down to 15.7 per cent in 1987-88. But indirect taxation is growing and the burden is being borne by the general public by the poor workers and the poor peasants.

Our balance of trade also is not that good. During the past thirty years that we boast of, we had a net balance of trade of Rs. 8,500 crores in 1985-86 which was only Rs. 49 crores in 1950. So, we have gone, during all these years, further towards deficit in the international trade arena also. Our 1987-88 balance of trade, according to the World Bank estimates, may be about Rs. 10,000 crores.

We are borrowing heavily from the market. As the figures doled out to us show, the Central Government's net market borrowing was Rs. 5,101 crores in 1985-86, it was Rs. 5,300 crores in 1986-87 and it is Rs. 6,300 crores in 1987-88. Similarly, the market borrowings of the State Governments from the Central Government institutions, State Government institutions, etc. have gone up and the total of all these is Rs. 8,282 crores in 1985-86 and Rs. 8,829 crores in 1986-87.

The trend in growth is more visible, more prominent, in the tertiary sector than in agriculture and in manufacturing. In agriculture, it is only 2.7 per cent, in manufacturing it is 5.9 per cent, while in the tertiary sector it is 7.4 per cent. So, unless we produce more commodities, unless we produce more goods for our people, it will be very difficult and it is not known whether our economy would be able to serve our country, our people.

I need not to go into detail about the various sectors of the economy. But it should be stated that in many of the States, particularly in Himachal Pradesh, Rajasthan, Gujarat, Maharashtra, Andhra Pradesh, Tamil Nadu, Karnataka and Kerala, according to the official reports, in agriculture, we see stagnation or near-stagnation. In Assam, Bihar, Orissa, Madhya Pradesh and West Bengal, there is some progress. But excepting West Bengal, all others are below national average. This is a part of official figures.

Now, our industry is also not in good shape. Though the hon. Minister may say that we are having increased productivity rate, actually our industries are passing through a critical period, due to the new technology application. According to the official report as has been placed before us by the Reserve Bank of India in their assessment in their analysis, the Indian industry is passing through a stage of transition from a protected to a more competitive environment. Liberalisation with respect to licensing and imports has intensified domes-

tic as well as external competition. So as a result of this, a lakh of industries have closed down. There is no programme to revive the small sclae industries. Though our Minister, our Government, is doing out figures that the value of production is growing, what is the unit of production, what is the unit of commodities that we are producing, what number of factories is growing or have closed factories been revived?—these are vital aspects which affect our workers and which affect our national economy also. On this point our Government is silent like anything, it is as silent as a stone.

Now, coming to the impact it would have on the people ... (*Time bell rings*)

THE VICE-CHAIRMAN (DR BAPU KALDATE): You will have to be brief.

SHRI SUNIL BASU RAY: I am concluding.

SHRI NIRMAL CHATTERJEE: On the Finance Bill, it is his maiden speech (*Interruptions*)

SHRI SUNIL BASU RAY: As I said earlier, the consumer price index and the wholesale price index are going up, and as a result the purchasing power of the people is going down and the sufferings of the people are also growing. So, with this situation, we cannot say that the budget presented by the Government during the Budget session or this Finance (Amendment) Bill that has been introduced now will in any way improve our economic situation or will in any way ameliorate the condition of the people's lives. That is why it is not possible to support the Bill as has been presented I submit that what is necessary is not only negative criticism. What I would suggest is that the Central Government reviews its economic performance, its economic policies, and bring in new policies which will be suitable to the needs of the country. On the basis of the demands that lakhs of people have placed, on the basis of the demands that we have placed before the House, the Government should review its economic performance, its budget policies, and should change to democratic performance, for the benefit of the people and the country.

Thank you, Sir.

SHRI SANTOSH KUMAR SAHU (Orissa): Mr Vice-Chairman, Sir, I stand to support this Finance (Amendment) Bill, because if you once go through the objective of the Bill, it is clear, as the Minister has said, that it is meant to meet the drought *and give relief. We know, Sir, that* this is the worst drought year that we are facing in a century. We are also facing the worst floods in a century. Almost 10 per cent of the districts in the country had no rains during the *kharif* period Forty per cent of the districts have been affected by drought. Almost 20 per cent of the districts have been affected by floods We know, Sir, how efforts are being made in the country to provide drought relief measures for which we need resources. There is no doubt about it. The hon. Members who have spoken before me have criticised the ordinance They have said that it was not proper to promulgate the ordinance just a fortnight after the closure of the last session. To my mind, it is not a financial emergency. The Minister will explain it. There are certain natural exigencies for which the Government needs financial resources. It is not a question of man-made emergency It was a natural calamity which requires relief measures. We have to augment our relief measures I think all the parties will agree that we require to take bold steps so that we can give employment to the poor cultivators We require more funds for raising our agricultural cultivation and to have more *rabi* crop All the State Governments are united in this and, therefore, we have to agument our resources.

[Shri Santosh Kumar Sahu]

The second question is how much we are getting by this. The Minister has said that we will be collecting 1240 crores of rupees. I would like to say that this is not the only Bill. Probably there is another Bill for increasing the direct taxes. It has come up in the other House and will also come here. Our deficit financing is also mounting. We have to think about it. We have to see which State is asking for more Plan resources and which State is asking for more funds for relief work. What is our difficulty? We cannot stop planning. The planning has to go up higher. The annual plan has been augmented by 12.3 per cent this year. The total allocation is 49653 crores of rupees. The State Governments have got 18000 crores of rupees more. This is important and we have to bear it in mind.

The next point is whether it is sufficient to meet all our needs or the exigencies which we are facing require additional funds. We are facing a national calamity of the century. To my mind it is one of the measures. There are other measures also which the Government must contemplate. As we have seen, they are contemplating other measures also It is only one of the measures The rivulets flow to the river and rivers flow to the ocean. Thus, they make a mighty ocean. One step is not enough. We have to bear in mind that only this Bill cannot be the target of criticism.

Then we have another criticism. The Government should curtail the non-plan expenditure. It is true that economic measures alone may not be sufficient in a time of financial problems. The Government will have to take certain other measures also. I endorse the view that we must take economic measures in absolute terms. There should be no leaving of this question. Sometimes I see that we try to magnify these matters here and there. For example, if a road is going to be constructed, then this road is for ever. The road is not going to be finished after the visit of the foreign dignitary. The road will always be there. Similarly, if a plane is furnished, then that plane will also fly other passengers. Therefore, sometimes these points are magnified out of all proportion. We forget that it is also to carry other passengers in future times, and it will not be neglected...

THE VICE-CHAIRMAN (DR. BAPU KALDATE): You continue after lunch. Now the House stands adjourned for lunch till 2.30 P.M.

The House then adjourned for lunch at thirty-one minutes past one of the clock.

The House reassembled after lunch at thirty-three minutes past three of the clock, **The Vice-Chairman (Dr. Bapu Kaldate)** in the Chair.

SHRI SANTOSH KUMAR SAHU: Mr. Vice-Chairman, Sir, I rise to resume my pre-lunch unfinished speech. In the beginning I pointed out how necessary it is for the Union Government to augment its resources to meet the situation created by drought in various parts of the country and the consequent relief works needed to be undertaken to provide relief to the people. In this connection, I may say that any financial measure must be viewed from three cardinal principles, namely simplicity, equity and efficiency. These are the prime considerations on the basis of which a Bill must be judged. Now, the operative part of the Bill says: The amount of income-tax computed in accordance with the provisions of Paragraphs A, B, C, D and item 1 of paragraph E of this Part shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union Calculated at the rate of five per cent of such income-tax: Provided

that no surcharge shall be payable by a non-resident. Now, the question is that the Bill is a simple one and it can be administered efficiently and quickly. But the question is why the non-residents have been excluded from the purview of this Act. In the Statement of Objects and Reasons the Minister has stated that the amount is very small and that is why the non-residents have not been brought under the purview of this Bill. But if they are enjoying the fruits of this country and they are reaping the benefits of development of this country, it is only logical and rational that they must also pay for redressing the problems faced by this country on account of national calamities of this order, as our country is facing presently. It is, therefore, my view that on the question of equity and rationality these people also should have been brought within the purview of surcharge on income-tax. This is my feeling. This surcharge is at the rate of 5 per cent on an income of more than Rs 50,000 per annum. I feel whatever measure we adopt, it should not appear as if an ordinary wage-earner is being charged more than others. We can concentrate more on the higher income persons, and this should be our prime consideration while we try to mop up our resources. We have to consider these things We are going through a critical time; we are facing a critical phase because of natural calamities. At this critical juncture, it is necessary to augment our resources. We have to mobilise these resources to meet the present situation. At the same time we have to bring about an economy in our expenditure to the maximum extent. We have to reduce our non-plan expenditure as much as possible. At the same time we have to keep up our developmental activities. We are today facing a gigantic problem. Because of our good food stocks, we are today able to meet this situation in spite of natural calamities but for the coming years, we have to take effective measures We have to augment our food production, we have to augment our developmental activities; we have to check price rise and at the same time population growth. These are very crucial things. Although the Government have proposed certain measures to meet the present situation, it is necessary that both the State Governments and the Central Government put their heads together, so that the common man, the ordinary consumer does not suffer. It is good that the RBI has been directed to curtail money supply. Such measures are necessary. We have to tackle the menace of black money which is creating havoc in our economy. The Government has to look into these measures to be able to face this difficult situation. I feel this Bill that is before us is very much essential and is the need of the hour. It is a national issue; it is not a party matter and we all have to put our heads together for our country to survive this crisis The present economic crisis is not confined to our country alone; this is a phenomenon which affects even the developed countries in the world. Because of natural calamities, we have to think of stringent measures This has been our endeavour from the beginning and we must continue with our efforts and let us not feel disappointed. We must pursue our endeavours. Planning in our country has done miracles; our economic policy has yielded results. Still, we need a newer outlook, a new orientation and we must look at these problems and analyse them. We have to curtail our non-plan expenditure; we have to create more employment opportunities, and we have to maintain the tempo of development. And both the Central Government and the State Governments have to join hands and see how it can be done. We have to continue with our various programmes for generation of employment opportunities. They should go for productive purposes. If the money is not spent for productive purposes, the colossal expenditure incurred every year will only result in frustration. The GNP will not increase; the

[Shri Santosh Kumar Sahu]

GDP will not increase it will create a vacuum in the economic scene of the country. These things should be looked at from the angle of overall national development and the economic scenario in the country. It is ultimately for the good of all of us and the country will make further progress if we have a proper perspective of the economic situation and the ideals before us.

In the end, I will say that this is a timely Bill But at the same time, I would have welcomed the inclusion of NRIs in this. I would have also welcomed other measures so that the rich people are made to pay more. When there are national calamities, when there are emergencies, when there are exigencies, we have to take bold steps. Of course, there will be criticism. Some people may like it. Others may not like it. But we have to take bold steps.

SHRI ALADI ARUNA *alias* V. ARUNACHALAM. Mr. Vice-Chairman, Sir, in support of the Finance (Amendment) Bill, I would like to say a few words. In order to raise resources for providing relief to the drought-affected areas, our Government have decided to levy a surcharge of 5 per cent on certain taxpayers. Since Parliament was not in Session, the Government out of necessity promulgated the Ordinance. It was necessary because the Government had to take timely measures to meet the drought situation In view of the urgency demanded by the situation Government could not wait for the approval of Parliament That is why I welcome the promulgation of the Ordinance. Under this, all those having income of more than Rs. 50,000 must pay surcharge at the rate of five per cent and surcharge is also payable on the amount of income-tax on profits and gains from life insurance business. At the same time, Government have magnanimously given exemption in the case of non-resident Indians and foreign companies. As a result of this measure, it has been reported in the Press that Government is likely to raise Rs 240 crores. I welcome this move

Sir, under the Chairmanship of our Prime Minister, a committee has been constituted to carry out relief work. Because of the Chairmanship of our Prime Minister, I think, many countries have come forward to help, to give loan assistance and grants to our country. As far as Japan is concerned, it is reported that it has come forward to give loan to the extent of Rs. 250 crores. The World Bank has also agreed to give Rs. 450 crores Other countries have also come forward to give financial assistance and grants. The total assistance by way of loans and grants comes to Rs. 840 crores. We are very much pleased with this good gesture on the part of these countries.

Now, the important question here is whether we are utilising these resources properly The question is, when we are getting grants to the extent of Rs 75 crores, whether we are giving the same grants to the States freely Secondly, we are getting loans from Japan and the World Bank at a low rate of interest. I think, it is less than 1 per cent To the best of my knowledge, the rate of interest levied by the World Bank is between 5 per cent and 75 per cent. I would like to know, when you give loan for relief measures to the State do you collect this rate of interest or more than that? If you are collecting the usual six or seven per cent, it is the role of *marwaris* or the role of business people that you are playing. It is unfair on the part of the Government to collect the rate of interest to that extent.

My next point is, when we are facing such a serious and acute drought condition, it is our responsibility to reduce the non-Plan expenditure Of course, I know the escalation that is taking place every year and in view of this, perhaps it may not be possible to reduce the non-Plan expenditure,

but at least we expect that *status quo* should be maintained. Now, what is happening? Every year the non-Plan expenditure is reaching an alarming level. In 1984-85 under the non Plan expenditure there were three major heads, (1) interest payment, (2) defence expenditure and (3) subsidies. The amount of interest payment in 1984-85 was Rs. 5974 crores. It has now increased to Rs. 10,650 crores. Thus the amount of interest has increased by one hundred per cent Coming to defence expenditure in 1984-85 it was 6661 crores and now it has increased to 12512 crores. Here also it is one hundred per cent increase Similarly, if you take the subsidy figure, in 1984-85 it was Rs. 3456 crores and it has now increased to Rs. 4780 crores. Thus the non-Plan expenditure has gone up from previous year 67 per cent to 73.3 per cent this year So, I would like to know what measures you have taken to reduce this non-Plan expenditure.

Now in this critical drought condition, I would like to mention some of the measures that are essential for our State. Sir, our State is also facing acute drought conditions Fortunately, this monsoon has given good rain to our southern districts but northern districts, especially Madras, North Arcot and South Arcot, have not received adequate rain The index of rainfall is very painful there. So far as Madras is concerned, the reservoir there is having only one-fourth of its capacity of water. It is enough only for a few months. What are we going to do till the next monsoon comes, which is expected in the months of October, November and December? How are we going to manage our water problem in Madras? For this our Government has proposed a desalination project to convert sea water into the water which will be useful for industrial purposes. It may not be useful for drinking purposes, but it will be useful for industrial purposes The cost of the project is Rs 170 crores If the converted water is made available to the industry, there will be some water available in Madras for drinking purposes. This is the aim of our project. Therefore, I request the hon. Minister not only to approve this project of desalination costing Rs. 170 crores but also give subsidy to the extent of at least 50 per cent. This is essential because our Government is not at all in a position to meet this huge amount. So far as we are concerned, we are taking all steps to wipe out every tear from every eye of our people. We are taking all measures under various schemes. If you go through the implementation record, either under the 20-Point programme or the Five-Year Plans, our Government has created a good record It has either the first rank or second rank or fourth rank as far as implementation of 20-Point Programme is concerned. In spite of this achievement, the hon. Minister, Mr. Chidambaram, has alleged that the rate of economic growth in Tamil Nadu is low, the per capita income is very low. I may remind this House that he has the right to criticise our Government I am not against that right of the hon Minister. But as a responsible Minister, he is expected to explain how the per capita income in Tamil Nadu is below the national average, how the industrial growth of our State has been crippled, or it has not developed as much as is expected by Mr Chidambaram He is expected to explain the reason for this non-development of the State. But he has not stated any reasons for this. Just he has quoted some figures which were totally refuted by our Ministers, Mr. Rajaram and Mr Swaminathan Anyway I do not want to go into this matter. But I may remind this House that as far as our Government is concerned, we are mobilising our resources to the maximum extent, we are spending the allotted amount, without any diversion, for the purpose for which it was allotted. You know it that in spending the Five Year Plan amounts, our Government has done its best Our Governor himself has certified this This is

[Shri Aladi Aruna alias. V. Arunachalm]

the factual position. In spite of this we hear this criticism.

Sir, what is the reason for the marginally low rate of per capita income? I want to tell the House that since the year 1967, the Central assistance from Government of India is very low. This is clear from the particulars published in the *Yojana*, which show how the Central assistance has been given to our State. This alone will make people like Mr. Chidambaram understand how the Central Government is adopting a stepmotherly attitude towards our State. Under the Fourth Five Year Plan, the national average of per capita investment under the Central Plan was Rs. 63; for Tamil Nadu, it was 48. Similarly, in the Fifth Plan the national average was Rs. 147; for Tamil Nadu, it was Rs 122. Under the Sixth Plan, the per capita investment was Rs. 258; as far as our State is concerned, it was 161. If we go to the earlier Plans also, the per capita investment by the Central sector for Tamil Nadu was below the national average. That is why the per capita income of the State was also seriously affected.

When you consider the number of people who live below the poverty line, I may remind this House that we have done wonders. Our Chief Minister, Dr M. G Ramachandran, took charge in 1977. At that time, the number of people living below poverty line in Tamil Nadu was 52 8 per cent. This is the figure given by our Government for the year 1977-78. This has been reduced in 1983-84 to 39.6 per cent. The national average was 37 per cent at that time So it was only slightly more than the national average at that time. But the reduction in this percentage was from 52.8 to 39. So to that extent we have reduced the number of people who live below the poverty line. Now what is the position of other States? What is the figure in Uttar Pradesh? What is the figure in Madhya Pradesh? I do not want to reveal those facts because I do not want to raise any political controversy. But my point is that as far as we are concerned, we have done our best. But in spite of this, without revealing these facts, the hon. Minister, Mr. Chidambaram, has charged our Government without justification, without any valid reasons and without proper figures. Sir, with political motives these charges have been levelled against us. I am prepared to answer if they level any charges against us. He has a right to criticize and I have the right to answer In that area we are always for any constructive criticism. At the same time, we have to explain the factual position.

Here you talk of mobilization of resources and say that through this surcharge you are going to get Rs. 240 crores. But, at the same time, you are unnecessarily spending more than Rs. 300 crores in Sri Lanka. And is there any respect for the expenditure? What has been stated by Jayewardene is very ridiculous.

Yesterday there was a report in the press as to how Jayewardene has insulted our nation, how he is fooling our country You must know that Jayewardene has stated in a function in Sri Lanka that after the IPKF went to Sri Lanka, not a single Sinhalese, not a single Tamil, not a single Muslim, has been killed and only the IPKF soldiers have been killed. He said it He stated that more than 700 Indians were killed but not even a single Sinhalese or Tamil or Muslim from Sri Lanka had fought in the battle. Everything was undertaken by the Indian Army. Is it not an insult to the nation, is it not a humiliation to the nation? But this Government tolerate whatever is the insult. whatever is the humiliation from the Government of Sri Lanka. At the same time it protests against any legitimate demand from the Tamil people Now we see that for one or two days there is a clash between the militant groups. Who is responsible for this? I charge that this

Government gives all assistance to the militant rival groups. That is why they are taking up arms and fighting against this. It will no way help to solve the problem.

Before I conclude, I would appeal to the Government with folded hands. Kindly negotiate the issue. They are for negotiations; they are not for fighting. Why did they fail to surrender arms? Not because they wanted to fight against the IPKF; certainly not. They are for a compromise. The speeches and utterances of Prime Minister Premadasa and others caused suspicion and uncertainty about the implementation of the Accord and that is why they kept some arms with them. Now you criticize them and put conditions (1) that they must accept the Accord and (2) that they must surrender their arms. As far as surrender of arms is concerned, they are prepared but, as far as the Accord is concerned, they have some reservations. I beg of the Government, with all sense of responsibility, kindly reconsider what is the reason for their reservations. Now, what is the reason for their reservations? The reason is, I may remind you, they are not a party to the Accord. Can you give a piece of evidence to this House, to prove that before signing the Accord the militant groups gave their consent to the Accord? Certainly not. But, after the signing of the Accord, because of your negotiations.....

SHRI V NARAYANASAMY (Pondicherry): Are you a spokesman of LTTE?

SHRI ALADI ARUNA *alias* V. ARUNACHALAM: No. But I am a spokesman of the Tamils That is more important.

So, after the Accord, because of your persuasion and the persuasion of our Government...

THE VICE-CHAIRMAN (DR. BAPU KALDATE): You are going into another matter. Please conclude now

SHRI ALADI ARUNA *alias* V. ARUNACHALAM: . . . they agreed to form an interim Government. In this connection I would like to explain to the House how the Congress Party in 1935, after calling the 1935 Act a black Act, at the same time—the same Congress Party—contested an election under the 1935 Act 3.00P.M. in 1937 and won the election.

Accepting the Accord is one thing, and at the same time, forming the Government is another thing. What strategy you followed in 1937 was followed by our militant group. That is all What I say is that we need not be serious about them. Even now they are for negotiation. They are all our brothren. They are all our kith and kin. One thing is, we cannot dictate them.

THE VICE-CHAIRMAN (DR. BAPU KALDATE): You are making it another debate. I request you. Please don't make it another debate.

SHRI ALADI ARUNA *alias* V. ARUNACHALAM We are humiliated. Our army people are humiliated. Our army personnel are insulted by the Jayewardene Government. I appeal to the Government. To settle the issue honourably, through negotiations, persuasion with the militant group is quite essential.

With these words, I conclude my speech.

SHRI LAKSHMI KANT JHA (Bihar): Mr. Vice-Chairman, Sir, the Bill we are discussing has been necessitated because additional resources had to be mobilised to face what has been described and acknowledged as the worst drought in our history. I say it is worst in history and not worst in the century or worst in living memory because the population of the country is so much greater today than it ever was, the magnitude of the failure of supply becomes completely unparalalled. Further I should like to say that in terms of management of the situation, of the crisis, the Government deserves a lot of praise.

[Shri Lakshmi Kant Jha]

We have had, if I remember correctly, four periods of drought since independence. One was in mid-60s. Then again in 1972. Then again in 1979-80. Now we are having it again In each of the previous drought years, the rate of growth not only declined but became negative. It was minus 6 per cent in the mid-60s. It was more than minus 5 per cent in 1979-80. In the present year, despite the calamitous failure of the crop on all projections, the growth-rate will be positive and will be some where between 2 and 3 per cent. I think that is a matter for which the Government deserves credit.

Then we come to the price situation Certainly, there has been a price rise. A price rise, when supply runs short, is an inevitable phenomenon, where very skilful judgement is needed to keep the situation under control.

[The Deputy Chairman in the Chair]

Let us see what happened in the past Between 1963-64 and 1967-68 the rate of inflation shot up to 12 per cent. In 1979-80 it was 17 per cent. In the current financial year, at the end of the first week of November, the point-to-point rate of inflation was around 8 per cent as against around 6 per cent for the corresponding period in the previous year. What is more, we have seen in the last two weeks, that the index has shown a down trend, a decline This does mean that the shortage and the distress it has brought is being appropriately alleviated by every possible means. One of the instruments of meeting the shortage of domestic supplies in a drought is to step up imports. Certainly, higher imports of vegetable oil and other products have relieved the situation and kept the price under control Care has to be taken that you don't import so much that it results in lowering your price to such an extent that the producer is no longer enthused to produce that item. Therefore, it needs a considerable balance of judgment and I think this has been applied.

As against this, there is another point where I want to record a note of caution. I go back to what happened in 1972. At that time I happened to be India's Ambassador to Washington, There was a drought in India and need for importing foodgrains was there. At that time voices were raised within the Parliament as well as outside that to import will be to depart from our policy of self-reliance. So, for a long time we refrained from any attempt to import grain which the country needed. It was when the situation became unmanageable and intolerable that the then Food Minister annunced in the House that he was going to make a sizable import As a result of that announcement, prices in the American market shot up and we had to pay much more for what we imported I was there and I had witnessed that the Soviet Union had made a much cheaper purchase because they had done it very quietly. So, in regard to import, I hope no one will say "don't import because it undermines self-reliance," because to say that is to deny subsistence to the people, not to those who are proclaiming self-reliance, but to those who have no adequate means to buy. Though our stocks of foodgrains have been good and have come to our rescue, yet let us not just say that we have to run down our stocks first and then only import, because once you have done that you become vulnerable to the suppliers of the grains in the world. If you buy quietly when your supplies are still good, you buy them cheaper and there is less danger of disruption of the price situation.

So much as regards the current price situation. But equally important in a crisis like this is not to lose sight of our long-term goals and objectives. Here again, I go back to the mid-60s, when people began to talk of cut-back in expenditure, cut-back in investments The result of this pressure was that the Five-Year Planning was suspended for three

years. I think that was a great tragedy from which it took the country a long time to recover. Now, fortunately, we are not having that kind of a policy. We are continuing with our development investments and the Seventh Plan is being implemented with vigour and the Planning Commission is engaged even in preparing the next Plan. This is what we should be doing We should be far-sighted and not let the attempts to meet a short-term crisis damage our future as we have done in the past.

Having said that I would like to make one more observation on how to curb demands. I think the Minister referred to the fact that the banks have been asked to tighten bank credit. This is a conventional practice in Western countries to tighten bank credit, to fight inflationary pressures and curb prices, but let us remember that in Western countries banks lend money for current consumption Under our system banks lend money only for productive purposes Therefore, if you become unduly restrictive, you are hampering production And, therefore, you are hurting the very cause which you want to support. So let us not follow Western monetarists on this kind of problem. Let us ensure that finance is available to all those who are engaged in productive activities When I say this I am conscious of the fact that at the present moment so far as the flow of investment into industry is concerned, we are passing through a bad patch I am not concerned about the state of the stock exchange *per se*. That the share values have gone down, is a matter which is one thing but that new investment is not coming, that to my mind is a matter of concern. And the attempt to sustain the stock exchange value by interventions by our long-term financial institutions like the Life Insurance Corporation or Unit Trust or IDBI is quite a different thing from measures to induce the people of India, the small investors to contribute to industrial development.

The private sector in this country should survive, should flourish. But it can only do so if the ownership is wide-based, if more and more people invest in the industries and I would suggest to the Finance Minister, Finance Ministry and to the Government of India as a whole that something should be done about the problem of attracting more genuine savings of the community to industrial development because industrial production is so important. We need more and more of it. But we have a situation today in which there are many shortages. The temptation very often to deal with higher prices introduced by shortages is to say let us have price control. I think that is a very dangerous piece of advice If you keep the price control then, you will only have blackmarketing and the exchequer will lose and the consumer will suffer and the blackmarketing will thrive and more black money will be generated. It has happened on cement. How much black money was generated *on account of price control on cement*? Today, there is plenty of cement. The consumer does not have to seek permits of favours or pay bribes in order to get cement Therefore, we should aim at producing more and not put any price control. But if you have a situation where there is a shortage, when you cannot augment supplies by higher imports and prices are rising the better thing is to put excise duty on the profiteer Let the profiteer be hurt as profits are being siphoned to the exchequer The consumer is going to pay a higher price anyhow; let him pay it to the exchequer rather than to the profiteer. So the price control board is one which very commonly is put forward Because prices are rising, you have price control. Please don't fall into that trap. That only means that a whole lot of undeserving people make money, the consumer does not benefit and the producer is discouraged.

[Shri Lakshmi Kant Jha]

Let me go back to mid-Sixties. One of the good things which came out from mid-Sixties was that we changed our policy towards foodgrain prices from one of keeping it down to contain inflation, to one of giving support to the farmer so that they can increase production. I happen to have had the privilege of chairing the first committee on foodgrain prices when we made this recommendation. At that time, many States including Madhya Pradesh had said "if you raise support price for rice how the poor adivasis will be able to pay?" But it was because the support price for the farmers was raised that we could see what has been known as the Green Revolution and increase in production which has made us withstand this shock of drought without any of the effects that previous droughts have had. So, Madam, I would like to end up by saying that the Government have displayed a lot of wisdom in dealing with the situation of financial constraint with a relatively small change in the tax Taxing has been done without disturbing the tax structure but by a temporary surcharge so that the pattern of taxation, the carefully thought-out long term fiscal policy continues to be in force and I hope that by the end of this financial year we shall be able to compliment the Government even more on the performance of the economy during the year. Thank you

PROF. C LAKSHMANNA (Andhra Pradesh): Madam Deputy Chairman, the Government has brought before us a Finance Bill imposing income tax surcharge of 5 per cent on all incomes which exceed Rs 50,000 Madam, this is yet another instance where the Union Government is making inroads into the autonomy and functioning of the State Governments The Government thought it fit to impose a five per cent surcharge on income tax knowing fully well that there is no share for the State Governments in the surcharge In fact, by resorting to surcharges, the Government would be reducing the shares of the States from 85 per cent, which is normally their share to a smaller percentage. I would like to ask the Minister: was it not possible for him to simply raise the rates of income tax instead of imposing a surcharge of five per cent in terms of those whose income has been more than Rs. 50,000? There were two such slabs. They could have thought about these two slabs and said, instead of 13 per cent for the category of those whose incomes exceed Rs. 50000 and less than Rs. 1 lakh, the rate of 13 per cent could have been 18 per cent. I would like to ask whether there were any difficulties or restrictions in doing that Similarly, in the case of second slab, whose income is more than Rs. 1 lakh and who were to be charged a particular amount plus 22 per cent, it could have been 27 per cent. Therefore, I would like to know from the hon Minister was there any difficulty, any financial constraint due to which this could not have been done, the share of the States could have been made at par at 85 per cent? I would like to remind the hon. Minister, after all, the States are also functioning at the ground level. What are the sources of income for the States now? There are three sources of income of the States The third source which is the land revenue is almost drying up Most of the States either have marginal incomes out of land revenue or some States do not have even that much. Therefore, they are left with two alternative sources Now one is the commercial tax, sales tax etc and the second is excise Now, you kindly listen It is the States which have to bear the brunt of drought at the ground level and their sources of income have been reduced and the Central grant is not forthcoming as it ought to Under these circumstances, I would like to ask the hon. Minister what the States should do What is the way in which they should effectively meet the drought, whatever

may be your claim? The Union Government's claim is only limited to the extent that they will be operating through the State Governments even in drought relief. Therfore, I would like to ask the Minister: Why do you take every opportunity which comes in your way only to weaken the States while, all the while you have been clamouring that you want strong States and a strong Centre? From the various things you are doing it is obvious that you are not really interested in concurring with the States.

The next point is, you have claimed that you will raise, by way of additional taxes, etc, amounts to the extent of Rs. 550 crores and by economies you will raise about Rs. 650 crores I would like to ask whether this Rs 650 crores would be less by the amount that has been spent now in peace keeping efforts. I do not want to go into the question whether it is desirable or not. I do not even share what is stated by my hon friend Mr. Aladi Aruna. I am not going into it. I am on a simple question which has arisen out of the peace keeping efforts on the part of the Government of India. Does this amount exclude or include it? If it excludes the efforts made in such peace keeping, I would like to know how that amount is raised. What are the sources from which you are going to raise that amount? If it is inclusive of it, to that extent, you will not be able to offset the impact of drought on the economy. Therefore, I would like to know categorically from the Minister as to what is happening in this connection.

Thirdly, the Minister also claims that there will be economy in different Ministries It is not very proper to bring to the notice of the Minister what happens in different Ministries But this is what has been stated during the last four or five days in newspapers. You will say newspapers are malicious and all that. None the less is it a fact that a particular platform of a particular railway station had been paved with rare stones or stones which are not normally available there? How does it match with economy? (*Interruptions*) Yes, it was Gwalior station. This is what newspapers say. I would like to know whether this matches with the claim on the part of the Government that they have been effecting ecenomy. Or is it economy only when you have to pay, perhaps, one rupee more to a poor 'chaprasi'? That is, it is economy only when the Class IV or Class III employees ask for something or some organizations ask for something. (*Interruptions*) Mr. Chaturanan Mishra says that these drought-affected people have become very weak in the adjacent State, namely Rajasthan, and they should be washed away. But, at the same time, where is the water? Therefore, I would like to ask the hon Minister: What is the reality in respect of precept and practice with regard to the economies that are being effected by the Government for saving Rs 650 crores?

Now, assuming that you have been doing all these things, I would like to raise another point. What has been the purchasing power? What has been the value of the rupee? It is stated that the value of the rupee has come down to 13 paise or 14 paise. Be that as it may. When we delinked rupee from pound sterling in 1975 the value fixed at that time was Rs. 18.61 per pound. Over a period of time due to the efforts or non-efforts the value of the pound had come down to as much as 13 58 in April or May 1985. But today it has been refixed at Rs. 25.18. Secondly, if we look at rupee vs mark and rupee vs. yen, we have been affected by as much as 16 8% in the case of one and about 18.1 in the case of yen. This is the position of rupee We have a lot of things to do with yen and mark We cannot simply wish them away. And this rupee is the one which has been put in the hands of the weaker sec-

[Prof. C. Lakshmanna]

tions of the society. With this rupee in hand, what is their purchasing power? How are they going to survive? All the economists of Cong I—I do not claim to be an economist of any standing and therefore I do not know—have been saying that we have been making all efforts and we have almost succeeded in curbing inflation rate and so on and so forth But still some other economists did say that we have crossed the double digit mark. Immediately you may turn round and say, "Look, what happened in such and such year?" I do not know why we should be so much obsessed with what happened in the past years What we are concerned with is what the position today is, whether that has not affected the common man and the housewife Therefore, I would like to know what concrete steps the Minister would be taking to meet the situation.

Then, I was talking the other day on the Appropriation debate and if you look at the answer given by the Finance Ministry with regard to grants and loans in the wake of drought from different foreign agencies, the figures run into crores, several crores, of rupees. Except two or three items which are loans to be repaid over a period of time, one is about Rs 450 crores from World Bank, another is about Rs. 270 crores from Japan and other sources there are other smaller amounts from other sources ranging between Rs 6 crores and Rs 10 crores, by way of grants Now, these grants are used for importing edible oil, etc What are the rates which you fixed for these edible oils and how much profit will you be making by selling them to the consumer? When you got them all by way of grant and when you sell them at a price to the consumer, the entire proceeds are a profit to you, to the Government, cent per cent profit I do not know how much profit the Government is making in this way. How are you distributing that profit? That is my question.

Mr Jha did make a good point. If we indicate that there would be imports as against the principle of self-reliance, there is every possibility that the world market will take advantage of it. Unfortunately this has already happened The Minister of Civil Supplies has already made it known to the world at large that we are going to import rice implying thereby that they can raise their price. This announcemnet has come 10 to 15 days back. I would like to ask what the necessity was for making such an announcement, for giving such an assurance. Whom was he assuring and why was he assuring them? What happens to the 15 million tonnes of food stocks which are already there and which need to be released beforehand? And, even if you are not able to procure to the same extent and have stocks for the next year of the same order, I do not think it will be less than ten million tonnes or so. Therefore, where was the need for importing this much and, as Mr Jha has rightly said, what impact it is likely to have upon the markets when you have to go in for rice imports as and when you need them? Therefore, from all points of view, today, there is a need for a clear assessment of the economic policies of the Government and a clear need for making an assessment of the way in which they would like to have a co-operative endeavour built in between the States and the Union. But by simply posing threats and by simply brandishing veiled iron fists, you are not going to solve the problem That will only hit you back. So, I would like to request the honourable Minister to categorically state as to what the concrete steps are which he would like to take on the points that I have just mentioned. Thank you, Madam.

THE DEPUTY CHAIRMAN: Mr. Rameshwar Thakur.

SHRI RAMESHWAR THAKUR (Bihar): Madam, I rise to support the Finance (Amendment) Bill, 1987. The objects of the Bill have been stated by the honourable Minister. It has been stated in the Statement of Objects and Reasons of the Bill that the basic and main object of the Bill is to raise resources for providing relief to the drought-affected farmers and peasants in the rural areas. We are all aware that the country is passing through a very difficult drought situation. About two-thirds of the country has been affected by drought, that is, 19 States. Out of 416 districts in the country, 280 districts have been affected by drought, not heard of during the last one hundred years or so. Some of the States have suffered very severely on account of floods, about five or six States Even my State of Bihar witnessed unprecedented floods which affected about thirty districts. About 47 lakh hectares of land was affected and 286 lakhs of people were hit by these floods. Knowing the unprecedented nature of the situation in the country and having urged all the time in the House in all the discussions that more resources should be raised to meet the drought and flood situation in the country. I am a little surprised now to see this efforts by the Government, which is to augment the resources to meet the drought and flood situation and to help the affected people, being opposed by some honourable Members from the other side. I was further surprised to see this Resolution having been formally moved that this House disapproves of the Finance (Amendment) Ordinance, 1987, promulgated by the President on 19th September 1987. I oppose this Resolution because I think that this is a Bill for a cause, which the entire House, without taking into consideration the party lines or any political question, should support as this is for augmenting the funds, the resources, for a very good cause and I have not heard any Member from the other side opposing the cause. Of course, there has been opposition on the question of modality. They can ask: Why this Ordinance scheme and why could not a regular Bill be brought forward? I think that if we agree to the objective, if we have no objection to raising additional funds which we need for the purpose of relief, I think we should not object to this also. We are all aware that about a thousand crores have already been spent by the Central Government. And more than Rs. 1000 crores are further required for this purpose. Government is to raise about Rs. 240 crores by these means, by additional levy, surcharge, that is, 5 per cent for those who have income above Rs. 50,000 and 7½ per cent for those with income of more than one lakh of rupees This is a laudable thing. I have not heard anybody criticising the levy itself So this should not be objected to

Some hon. Members have chosen to criticise the mode on some ground of the economic policy of the Government. So far as the mode is concerned we should understand the implications and working of the income-tax law. More than 85 per cent of tax is collected by way of advance tax—the first instalment on the 15th June, second on the 15th September, the third on the 15th December, etc. This is the procedure by which we have to collect tax. This Ordinance was issued when the Parliament was not in session, that is, on the 19th September. And this made provisions that those who have paid the tax on regular basis will also pay surcharge for the first quarter ending 15th June, the second quarter ending 15th September, and so on. If this Ordinance enables the Government to make timely collection, the surcharge portion of it, possibly there is no objection So also the mode. It was essential in the absence of Parliament being not in session. So this cannot be questioned It is not fair on the part of some senior Members, who are very

[Shri Rameshwar Thakur]

seasoned parliamentarians, to criticise the mode part of it. This levy is justifiable on all counts, and, therefore, this cannot be questioned.

The second part is about the collection. As Mr. Jha said, this is a tax which has been provided for such contingencies in the long-term fiscal policy itself. We have a stable tax rate for years Tax rate has not been raised. Some hon. Members mentioned about the States. But this is a Union surcharge. Surcharge is being collected by the Union to be exclusively utilised for the purpose of drought and, therefore, on that score it cannot also be questioned.

Thirdly, so far as the rate is concerned, the rate is very reasonable. And this is only for one year, 1987-88. Therefore, this is quite justifiable, along with other steps taken by the Government. Hon Members from different parties have spoken in this House on the Bill for tax on expenditure, that is, 7-1/2 per cent on account of hotels and air travel. And this was supported because the additional funds raised will be utilised for drought and flood relief works.

Similarly, the Government is also curtailing its expenditure by 5 per cent to raise additional funds. These are the various methods and means by which additional funds and resources are generated and collected for the purpose of meeting this unprecedented drought. On that score we should not question the technicalities, because the aim is very much justifiable And unless this is done, it would become very difficult for the Government to tackle the situation.

[The Vice-Chairman, (Dr. Bapu Kaldate) in the Chair]

So, there is no reason why we should object to it

Some hon. Members criticised the travel of the drought-affected areas by VIPs, including the Prime Minister. These are general things. On the political grounds, if the Prime Minister has chosen to go to the interior areas of Rajasthan, Gujarat and other areas, it should be appreciated because he has taken so much of trouble. I do not know whether he has covered all the villages or the other Ministers have done so. It is our duty to be with the people to share their grief and try to ensure that whatever relief is being granted reaches the right people. If the Prime Minister goes to the rural areas or the affected areas with this objective and some security arrangements are made and other things are done, then I don't think we can criticise the Government on such small matters. I don't think it is appropriate to the level of discussion we have in this House.

I would like to say that it is very important to raise funds and to look after drought and flood management effectively primarily with the assistance of the State Governments. We support it whole-heartedly. It is one thing we must be proud of. We have been able to meet this situation to a large extension in spite of so many limitations We have seen droughts previously. Mr Jha has given some figures. We know what happened in Calcutta. How many died in the streets of Calcutta? One hon. Member mentioned it. They died for want of food Today we are able to provide food to the remotest corner of India We have been able to provide fodder for the animals to a large extent We should appreciate the efforts of the State Governments and the voluntary organisations working in different areas. We should appreciate the bold stand taken by the Prime Minister and the Government We know that the needs are more. The hon. Members have asked for more At the same time, they are criticising this Bill It is not logical. They are pleading for more assistance to be given to the States and they are objecting to raising of more funds for

this purpose by the Central Government. Is it logical? It is important that in spite of such a severe drought and such unprecedented floods, the economic growth and economic management has been very good. We find that in spite of so many limitation on the agricultural front, the *rabi* crop will be better in the sense that although there is limited water supply, the *rabi* crop will be better. Figures of industrial growth have been given by Mr. Jha. I would not like to repeat those figures. There is an increase of more than 13 per cent in industrial growth in the month of July, 1987 for which figures were available. The other day the figures were given in the Lok Sabha by the Prime Minister. The industrial growth is there. By and large, prices have been contained in spite of this unprecedented drought and flood situation. Therefore, if the country is able to mobilise these resources, we should be appreciative of the effort put in by the farmers and by the people. Therefore, there is no reason to criticise the Bill on this count.

I have some suggestions to make. My first suggestion is that in spite of this excess mobilisation of resources, collection of taxes should be more effectively pursued and we should be able to collect the maximum tax during this very difficut year. Secondly, there should be better utilisation of funds which are being given to the various State Governments for this specific purpose of drought and floods. These funds should be properly utilised and they should reach the right people. Maximum assistance should be given to the poorest of the poor, landless labourers, Harijans and other people who are suffering during this difficult year. The third suggestion is that there should be a long-term planning. We know that some districts of the country are affected every year either by floods or drought. With all the experience and the scientific and technological development at our disposal, we should make a long-term planning so that this sort of situation could be avoided to the extent possible. The other thing is that whatever money is being utilised, it should not be on consumption items only. It is necessary that the funds so provided should be utilised in creating lasting assets to the extent possible. This will help the people to meet the situation in future also and will give them enduring assistance and productive capacity. And also the help for the *rabi* crop should be intensified. Some State Governments are doing well. The Central Government should give as much help as possible in the form of seeds, fertilizers and credit. The nationalised banks should put in more efforts. In some of the States, the credit-deposit ratio is very low. In Bihar, it is more than 40 per cent whereas the national average is more than 60 per cent. This is.

श्री राम अवधेश सिंह (बिहार) : बिहार में क्या हो रहा है। बिहार में जो पैसा यहां से गया है वह सब कोआपरेटिव के जरिए लूट रहे हैं। 40 परसेंट जो पैसा है वह खास आदमी को दिया गया है खाद देने के लिए... **(व्यवधान)**

उपसभाध्यक्ष (डा॰ बापू कालदाते) : आप बोलने वाले हैं, उनको बोलने दीजिए। आप छोड़ दीजिए। उनका जवाब आप दीजिएगा। इनका समय क्यों ले रहे हैं।

श्री रामेश्वर ठाकुर : मैं आपका भाषण अच्छी तरह से सुन चुका हूं कोआपरेटिव पर। आप कहते है कि रिजर्व बैंक आफ इंडिया ने बिहार गवर्नमेंट को कम्पलीमेंट पे किया है... **(व्यवधान)** उन्होंने रबी क्राप का जितना प्लान और सिस्टम प्रोग्राम बनाया, नाबार्ड और रिजर्व बैंक आफ इंडिया ने उसके मुताबिक उनको असिस्टेंस दिया है। उसमे भी लोगों को, कोआपरेटिव्स को इन्वाल्व किया जाता है। आप दो चार आदमियो के नाम से एलर्जी रखते है, बायस्ड हैं उसी के लिए जितने कोआपरेटिव्स के लोग है, जितने फलड एफेक्टेड लोग है जो काम कर रहे है सबको... **(व्यवधान)**

श्री राम अवधेश सिंह : 40 परसेंट पैसा कोआपरेटिव्स को दिया गया है ... **(व्यवधान)** सब मुझे मालूम है। सब लूट लिया। 40 परसेंट नाबार्ड का दिया हुआ रुपया लूट लिया .. **(व्यवधान)**

श्री रामेश्वर ठाकुर : आप बात को नही समझे है... **(व्यवधान)** 40 परसेंट जिसकी आप बात कर रहे है वह नाबार्ड का नही। नेशनलाइज्ड जो बैंक्स है उनका जो पेड डिपाजिट रेशियो है वह 40 परसेंट से कम है, मै यह अर्ज करना चाहता था कि इसको वे बढाना चाहते है। दो साल पहले मीटिंग हुई थी, रिजर्व बैंक आफ इडिया के गवर्नर और अन्य सभी लोग आये थे उन्होने तय किया कि पहले साल मे 50 परसेंट और दूसरे साल मे 60 परसेंट करेंगे लेकिन अभी जो हाल मे रिव्यू हुआ है उसमे 40 परसेंट से कम हुआ है ... **(व्यवधान)**

श्री राम अवधेश सिंह : जिनको खाद खरीदने के लिए दिया गया ... **(व्यवधान)** आप जाच कराइये। मै चैलेज करता हूं। आप क्या दे रहे है घाटे के नाम पर... **(व्यवधान)**

उपसभाध्यक्ष (डा॰ बापू कालदाते) : उनको बोलने दीजिए। आप भी बोलने वाले है। गलत है तो गलत कहिएगा.. **(व्यवधान)** जब आप बोलेंगे तब आप कहिएगा।

श्री रामेश्वर ठाकुर : क्यों घाटा है इसका कारण यह है कि वहां डिपाजिट बढ़ गया है इसलिए ओवर आल रेशियो कम हो गया है ... **(व्यवधान)** ऐसे टोका-टोकी नही करिए, बेमतलब का आरग्यु नही करिए अपने वक्त में बोलिएगा।

श्री राम अवधेश सिंह : आप जाच कराइये कि आपके लोग, जो काग्रेस पार्टी के है, कोआपरेटिव के.. **(व्यवधान)** तपेश्वर सिह आदि सबने लूट लिया कि नही लूटा।

श्री रामेश्वर ठाकुर : मैं कह रहा था कि इस वक्त नेशनलाइज्ड जो बैंक्स है, कोआपरेटिव है उनको एक मौका है कि बडे पैमाने पर जो फ्लड से या ड्राउट से अफेक्टेड लोग है उनको अधिक से अधिक बैंक से पैसा देकर सहायता करे और बैंक का पेड डिपाजिट रेशियो, क्रेडिट का रेशियो बढ़ेगा ... **(व्यवधान)** जो मेरा सवाल था इसको समझे बिना आप दूसरी बात कह रहे है।

श्री राम अवधेश सिंह: बोआई सीजन खत्म हो रहा है पर खाद नही मिली है।

SHRI RAMESHWAR THAKUR: This should be our effort also. Mr. Vice-Chairman, Sir, we are in the midst of the Seventh Five Year Plan. Two and a half years are already over. It is very essential and I would request the Hon. Member to keep in view and assure the House that Plan allocations made for different heads and in different areas will be maintained and in spite of resource constraints and unprecedented drought and floods, all efforts would be made to raise resources and mobilise resources to ensure that Plan targets are maintained and achieved, not only in monetary terms but also in physical terms. This is important particularly in the field of infrastructure like irrigation, power and other similar sectors. We should be able to raise our resources and we should be in a position to have the infrastructure so as to enable us to have more production in the field of agriculture and industry.

The next thing I would like to say is that the Government should have already taken steps to reduce non-Plan expenditure by about 5 per cent. Efforts should be made to really achieve this target and if possible to continue to maintain this tempo so that expenditure is reduced on the non-Plan front on a selective basis and we should be in a position to ensure that we are able to support the Plan expenditure for the current year and for the next two years.

Then, Sir, there is one more thing which requires our attention. It is not only the Government which must rise to the occasion. It is also the duty of the general public to rise to the occasion whenever there is a national challenge. We have taken this as a national challenge. Such a big unprecedented situation has arisen in the country. It is the duty of all of us, the entire country and community that we should make such sacrifices whereby we ensure that these people who are affected are positively helped. Whatever little we can do from outside, we should contribute to that. There should be a sense of awareness that all of us should try to save our resources and utilise them for the benefit of those who are affected by drought and floods and we should also ensure that we are in a position to fulfil the targets fixed for the Plan which will in the long run help us to achieve our goals.

With these words, Sir, I support the Bill and I hope that this will be passed unanimously by all sections of the House.

SHRI GHULAM RASOOL MATTO: Mr. Vice-Chairman, Sir, I am grateful to you and to Mr. Ram Awadhesh Singh for giving me an opportunity to speak now.

Sir, I rise to support the Finance (Amendment) Bill. *(Interruptions)*. Why I do so, I will give you the reasons. If the reasons are cogent, then you will see, Sir, when we discussed drought in the course of the last session here, I was the first and the only person on record to have stated in the House that in order to mobilise resources for drought relief, the Government should immediately issue an Ordinance for a surcharge of 5 per cent But the Minister has fallen short of my demand. I had in my speech at that time—the speech is with me and for the purpose of brevity I do not want to quote that speech—demanded that a 5 per cent surcharge should be levied on all, not only income-tax, but also excise, import duty, customs duty, etc. The Minister has fallen short of my demand. I had stated that we will be able to mobilise up to Rs. 2,000 crores by way of 5 per cent surcharge on income-tax, excise tax and the States were also required to impose surcharge to meet the requirements of the State. This has not been done. I do not know what the reason is.

Now, Sir, I am inclined to agree with what my friend, Prof. Lakshmanna, has said, namely, that instead of levying it as a surcharge which exclusively goes to the Centre. the rate of income-tax should have increased so that States also get a share. It is very important and I do not know why it has not been done.

I take this occasion to inform the hon. Minister that the Budget is on the anvil. In spite of excise duty in lieu of sales tax the only source of income to the State is the textiles, the drugs and one or two other items where excise is being levied in lieu of sales-tax in the States, and I have to make a concrete suggestion. In all the States, the rate of internal sales-tax has been increased; it now ranges between 10 to 20 per cent, but not less than 10 per cent. I was computing the other day as to what is being charged as excise in lieu of sales-tax by the Central Government. To my mind, on an average, it does not exceed more than 4 to 4½ per cent.

[**The Deputy Chairman** in the Chair]

So, while framing the Budget next year, kindly take note of it that excise duty in lieu of sales tax should be at par with the level of sales tax on all the commodities in the States This is a very big source of income to the States and I hope the Minister will kindly see that my suggestion is taken into account, because this will be the only source of income to the States.

[Shri Ghulam Rasool Matto]

With regard to the necessity of the Ordinance, there is a very valid reason. The reason why this measure was not brought in the last session is that advance tax was taken into consideration although, I should say, the officials in the Ministry of Finance should have taken it into consideration and brought out the Bill in the very last session. But the fact remains that the advance tax could not be levied unless Ordinance was issued, before 30th September. This was the necessity My friend Mr. Jaswant Singh had asked about it.

There are many other points also but since at 4 O'clock we are taking up another issue, I would end by saying what I said yesterday when you were not here, and I spoke on the Appropriation Bill. I referred to a report and I refer it not as a matter of criticism, and that was about a report which said that by 1992-93, the Reserve Bank of India study says, that whatever borrowings would be collected in that year, that would be sufficient only to meet our requirement of interest payable on our present borrowings. These are very high at the present moment. So, I suggested not as a matter of criticism, that a working group on a war footing should be constituted in the Ministry of Finance with top economists and they should be told of this malady and to find out the remedy This is not a responsibility for Mr. Gadhvi or Mr N. D Tiwari alone. It is the responsibility of all of

4.00 P.M. us including Prof. Nirmal Chatterjee. (*Interruptions*). This is a national issue. This is a national necessity. The difference between your and my saying is that you said it by way of criticism and I said it from the point of view of introspection and self-appraisal and suggested that a remedy has to be found. I want that the remedy should come from the Finance Ministry. This should be taken note of. With this concrete suggestion, I support the Finance (Amendment) Bill.

SHORT DURATION DISCUSSION ON THE REPORT OF JUSTICES THAKKAR-NATARAJAN COMMISSION OF INQUIRY INTO UTILISATION OF FAIRFAX GROUP INC.

THE DEPUTY CHAIRMAN: Now, we take up the Short Duration Discussion.

श्री जसवन्त सिंह (राजस्थान) : महोदया, मैं यही पूछना चाहता था कि शाम को कितने बजे तक बैठना है ?

उपसभापति : जितनी भी देर बैठना पड़े, उतनी देर तक ।

श्री जसवन्त सिंह : हमें मालूम हो जाये कि कितने बजे तक बैठना है ?

उपसभापति : मुझे लगता है कि दो घण्टे में तो यह समाप्त नहीं होगा । शायद 8, 9 या 10 बजे तक बैठना पड़े । तो जैसे ही समाप्त हो जायगा ।

श्री जसवन्त सिंह : क्या आज ही समाप्त करना है ?

उपसभापति : जहां तक हो सके, आज ही करना है । वैसे आज ही करना है क्योंकि आज जो और दो बिल थे पहले, उसमें से एक भी बिल पास नहीं हुआ है, उसके लिए कल फिर से टाइम जायगा । इसलिए आज ही खत्म करना है ।

श्री बी. सत्यनारायण रेड्डी (आंध्र प्रदेश) : कोई समय निर्धारित नहीं करेंगे ?

उपसभापति : अगर जैसे ही मैं बेल बजाऊं, आप लोग अपना भाषण समाप्त करें तो मैं कुछ इसके बारे में निश्चित बता सकती हूं ।